

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2020

Docket No. ACR2020

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-15 OF CHAIRMAN'S INFORMATION REQUEST NO. 13

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 13, issued on February 9, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. In the FY 2019 *Annual Report to Congress*, the number of mailpieces reported for FY 2019 is 142.570 billion.<sup>1</sup> In the FY 2020 *Annual Report to Congress*, the number of mailpieces reported for FY 2019 is 142.562 billion.<sup>2</sup> Please confirm the number of mailpieces in FY 2019 and reconcile the discrepancy.

**RESPONSE:**

The best available current estimate of total mail volume in FY 2019 is the 142.562 billion pieces reported in the FY 2020 Annual Report to Congress. The volume numbers in each year's Annual Report to Congress reflect the mail volumes reported in the Quarter Four RPW report for that year (published roughly simultaneously with the Annual Report to Congress). The RPW reports each year include a volume for the current year, plus a volume for the previous year (SPLY). In any given report, the SPLY volume reported for the previous year is the most recently available figure for that year, which means that if updated information for the previous year's volume has become available since the previous year's Quarter Four RPW report was published, the SPLY figure will not match the figure shown in the previous year's RPW report (and by extension, the previous year's Annual Report to Congress). These procedures explain why the estimates presented for FY 2019 in the FY 2019 and FY 2020 versions of the Annual Report to Congress do not match.

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<sup>1</sup> See Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, United States Postal Service *FY 2019 Annual Report to Congress*, at 12.

<sup>2</sup> See Library Reference USPS-FY20-17, December 29, 2020, United States Postal Service *Fiscal Year 2020 Annual Report to Congress*, at 24.

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2. Please explain whether and how the Postal Service is maintaining or expanding consumer access to postal services in rural or remote areas. In the response, please describe any plans or initiatives the Postal Service has to maintain and improve consumer access to postal services during the pandemic and in future years.

**RESPONSE:**

The Postal Service has continued to show its dedication and commitment to sustaining retail access and has proactively responded to the effects of the pandemic on customer access. The Postal Service has 30,105 retail locations nationwide, with 12,393 designated as rural offices. The Postal Service has been leveraging use of its alternate access channels, such as Contract Postal Units, Village Post Offices, Stamps by mail to further maintain presence in the communities. Furthermore, the Postal Service has established temporary delivery points and alternate delivery locations, hired postal support employees and temporary carrier assistants to replace absent city and rural letter carriers, extended carriers' street times, redirected mail to temporary receptacles for some businesses and nursing homes, and adjusted clerk start times. The Postal Service will continue to assess the evolving and continuing effects of the pandemic on customer access and will address them accordingly, while maintaining its commitment to providing prompt, reliable, and efficient service.

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3. Please describe any plans or initiatives the Postal Service has to improve wait time in line or mitigate wait time in line increases during the pandemic and in future years. In the response, please describe specific actions the Postal Service plans to take to return wait time in line to pre-pandemic levels.

**RESPONSE:**

The Postal Service acknowledges that that during the pandemic, retail lobbies have experienced increased wait-in-line times. The main drivers for this are social distancing, increased volumes, and employee availability. To mitigate the increased wait-in-line times during the pandemic, the Postal Service will continue to leverage employees from alternate locations to meet employee availability concerns, fill hiring vacancies, and use technology (e.g. self-service kiosks) and alternate access channels.

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4. In a CHIR response, the Postal Service states that it cannot provide estimated dates for starting and completing the process for reevaluating the remaining suspended post offices because the reevaluation process is “contingent on the relaunch of customer-facing activities, which the Postal Service has yet to approve.”<sup>3</sup>
- a. Please describe these customer-facing activities and provide estimated dates for the Postal Service to approve the relaunch of each customer-facing activity. If the Postal Service is unable to provide estimated dates for approval, please explain why.
  - b. Please explain why the Postal Service will not begin to reevaluate the remaining suspended post offices until it approves the relaunch of customer-facing activities.

**RESPONSE:**

- a. Handbook PO-101 lists thirty-seven (37) steps in the finalization of suspended post offices. Listed below are the customer-facing PO 101 activities; these activities are not necessarily in order of process.

- 1. PM Letter Instructions – Cover Letter, Questionnaire and enclosures
- 2. Community Meeting Roster
- 3. Community Meeting Letter
- 4. Invitation for comments exhibit
- 5. Proposal exhibit
- 6. Comment form exhibit
- 7. Postal Service response letters to returned customer questionnaires
- 8. Analysis of questionnaires
- 9. Community meeting analysis
- 10. Round-date stamped proposals and invitations for comments from affected offices
- 11. Notification of taking proposal and comments under internal consideration

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<sup>3</sup> Responses of the United States Postal Service to Questions 1-26 of Chairman's Information Request No. 3, January 22, 2021, questions 9.c., 10.a., 12.

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12. Postal Service response letters to returned proposal comments

As a result of the COVID-19 pandemic, the Postal Service paused its review of all suspended post offices. The Postal Service will only be able to provide estimated dates to approve the relaunch of each customer-facing activities when it restarts the full Handbook PO-101 process.

- b. The Postal Service will not begin to reevaluate the remaining suspended post offices until it approves the relaunch of customer-facing activities. This is because per the Handbook PO-101 process, these customer-facing activities are required activities that must be posted at affected facilities or sister stations for 30 or 60 days to allow for customer review. Reevaluation of each office will require consideration of the totality of the existing circumstances relevant to that office, and because those circumstances will continue to evolve over whatever time period elapses between now and the relaunch of customer-facing activities, it would be premature to attempt to start reevaluations prior to that relaunch.

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5. In Docket No ACR2019, the Postal Service stated that in FY 2020 it “has already added new questions asking customers about its satisfaction with multiple aspects of service performance such as speed of delivery, reliability, and on-time delivery. This will allow the Postal Service to correlate service performance factors to specific product categories for fiscal year 2020.”<sup>4</sup>
- a. Please identify the question(s) on each customer survey that ask customers about their satisfaction with multiple aspects of service performance, including speed of delivery, reliability, and on-time delivery.
  - b. Please explain how the Postal Service used these responses to correlate service performance factors to specific products or mailing services in FY 2020. In the response, please discuss the Postal Service's findings and conclusions about customer satisfaction with service performance for each product or mailing service during FY 2020.
  - c. Please explain whether and how the Postal Service asked follow-up questions to the survey questions identified in question 5.a. after customers provided their responses. If the Postal Service did not ask follow-up questions to the survey questions identified in question 5.a., please explain why.

**RESPONSE:**

- a. The Large Business Panel (LBP) Survey and Delivery Survey are the only surveys that include questions related to service performance. These two surveys ask customers about their satisfaction with multiple aspects of service performance:

**LBP Survey Service Performance Question**

- 1. Now thinking about your experience with USPS, please indicate your satisfaction with the USPS's performance on:

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<sup>4</sup> Docket No. ACR2019, Reply Comments of the United States Postal Service, February 18, 2020, at 14-15.

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- Offers the best end-to-end service
- Payment options
- Delivers packages on the day that I expect it
- Tracking and scan information
- Service offerings
- Issue/claim resolution
- Product offerings
- Product pricing
- Speed of delivery
- Reliability
- Building customer relationships
- Responsiveness of representative
- Ease of contacting a representative

**Delivery Survey Service Performance Questions**

1. Please indicate your agreement with the following statements based on your experiences with the packages you recently RECEIVED:

- Packages are delivered in good condition.
- Packages are delivered to the correct address
- Packages are received by date expected.



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2. Please indicate your agreement with the following statements based on your experiences with the mail you recently RECEIVED:

- Mail is delivered in good condition.
- Mail is delivered to the correct address.

b. The questions identified in response to question 5.a. are designed to understand the overall satisfaction of the Postal Service’s products and services, not to correlate satisfaction with service performance. The Postal Service provided the satisfaction level for each product in Section III.B.6 of its FY 2020 Annual Compliance Report, as shown below:

**Table 17: FY 2020 Product Satisfaction with Market Dominant Products  
(% Rated Very/Mostly Satisfied)**

Market Dominant Products (Mailing Services)	Residential <sup>[1]</sup>	Small / Medium Business <sup>[1]</sup>	Large Business <sup>[2]</sup>
First-Class Mail (postcards, letters, bills, large envelopes)	91.44	90.07	83.09
Periodicals (newspapers, magazines)	N/A <sup>[3]</sup>	87.24	79.43
USPS Marketing Mail (advertising, catalog, non-profit)	N/A <sup>[3]</sup>	80.22	80.71
USPS Retail Ground (lower cost service, surface transportation)	89.43	88.28	N/A <sup>[3]</sup>
Media Mail (books, CDs, DVDs)	86.60	85.59	78.97
Library Mail (Schools & Libraries 2-8 days)	81.62	82.53	80.29
First-Class Mail International (postcards, letters, bills, large envelope)	85.30	82.05	88.75

[1] Results are for 12/30/2019 to 9/30/2020. The Delivery Survey was updated on 12/30/2019.

[2] Results are for 10/25/2019 to 9/30/2020. The LBP Survey was updated on 10/25/2019.

[3] Customer segment was not asked about product type in FY 2020.

c. In certain instances, the Postal Service may ask respondents follow-up questions after the Large Business Panel Survey questions identified in question 5.a. The Postal Service only asks follow-up questions if the respondent indicates that they use a USPS competitor. If so, the Postal Service asks respondents to answer the same question identified in question 5.a. but related to the Postal Service’s competitors. The question would be “Now thinking about your experience with

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[competitor], please indicate your satisfaction with the [competitor]'s performance on[.]” Additionally, respondents can provide open-text feedback to answer another survey question in the Large Business Panel Survey. In this question, the Postal Service specifically notes, “Please use the area below to talk about anything you would like to share about your experiences with USPS.”

The Postal Service does not ask follow-up questions after the Delivery Survey questions identified in question 5.1 because respondents are asked, “What is the primary reason behind your satisfaction rating?” earlier in the survey.

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6. The Postal Service provided the number of village post offices (VPOs) and community post offices (CPOs) at the end of FY 2020 in Response to Chairman's Information Request No. 1.<sup>5</sup> The Postal Service obtained these numbers from the Contract Post Unit Technology system. *See id.* However, in Response to CHIR No. 1, the number of VPOs and CPOs at the end of FY 2020 differ between question 8 (450 VPOs and 443 CPOs) and questions 5.d. (442 VPOs) and 6.d. (441 CPOs). Please confirm the number of VPOs and CPOs at the end of FY 2020 and reconcile the discrepancies in Response to CHIR No. 1.

**RESPONSE:**

Based on the best information currently available, at the end of FY 2020, the Postal Service had 442 Village Post Offices (VPOs) and 441 Community Post Offices (CPOs). These figures are sourced in the Contract Post Unit Technology system. The apparent discrepancies with the Postal Service's response to CHIR No. 1, Question 8 (450 VPOs and 443 CPOs), Question 5.d. (442 VPOs) and Question 6.d. (441 CPOs) are due to the lag in receiving contact service termination notices from VPO and CPO providers. As the notification process is a manual process that depends on VPO and CPO providers sending written service contract termination notice in a timely manner, and given that subsequent manual processing of such notices at the district level is also required, the number of VPOs and CPOs will vary depending on the date the information was processed.

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<sup>5</sup> Responses of the United States Postal Service to Questions 1-38 of Chairman's Information Request No. 1, January 19, 2021, questions 5-6, 8 (Response to CHIR No. 1).

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7. The Postal Service states that “[i]n FY 2020, the AFSM100 Incoming Secondary productivity was 3.25 times higher than the [Flats Sequencing System (FSS)] productivity (2,150 pph v. 663 pph).”<sup>6</sup> The Postal Service further states that “[h]owever, these additional activities required for FSS candidate mail to be sorted on AFSM100 machines would likely reduce the cost difference between processing volume on FSS machines compared with the AFSM100.” Response to CHIR No. 5, question 13.e. If the mail was not presented in FSS scheme, would this shift from the FSS to AFSM100 have a larger mail processing cost difference? If so, please provide an estimated cost difference.

**RESPONSE:**

If the FSS candidate mailpieces were not prepared in FSS Bundles on FSS Scheme, FSS Facility, or other containers using the L006 labeling list, the mailpieces would revert to the preparation characteristics associated with the rates they paid. These could include any of the following nine rate categories: 3-digit automation, 3-digit non-automation, 5-digit automation, 5-digit non-automation, Carrier Route basic, Carrier Route on direct pallets, High-Density, High-Density Plus, or Saturation. The cost of processing the 3-digit and 5-digit, automation and non-automation mail on AFSM100 machines are estimated in USPS-FY20-11 Marketing Mail and Periodicals cost models. The latter five rate categories, which represent a majority of mail currently prepared for FSS, would not be expected to be processed on AFSM100 machines at all, since they are already presorted to the carrier route or finer presort levels.

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<sup>6</sup> Responses of the United States Postal Service to Questions 1-30 of Chairman's Information Request No. 5, February 2, 2021, question 13.e. (Response to CHIR No. 5).

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8. The Postal Service states that “[i]n sum, although no specific analysis was conducted to assess the change in delivery costs on days when AFSM100 processing was substituted for FSS processing, delivery costs would be expected to increase for both city and rural carriers.” *Id.* question 13.f. Would the increase in delivery costs be higher than the decrease in mail processing costs from sorting mail on the AFSM100 instead of the FSS?

**RESPONSE:**

The change in costs relative to this specific temporary modification in mail processing is unknown. Given the fluid nature of operations, the unprecedented circumstances of FY2020, and the fluctuating volumes, it is nearly impossible to discern the change in costs from an operational change that only impacted approximately 12 percent of mail processing days (see response to ChIR 5, Q3, USPS-FY20-NP36) and was not uniformly implemented across the nation.

However, for the purposes of responding to this question in a broader sense, the ACR mail processing and delivery cost models can offer some insight as to the possible attributable cost impact on certain flats costs. As described in the response to ChIR 5, Question 13 parts e. and f., all else being equal, mail processing costs would be expected to decrease and delivery costs to increase when shifting flats volume from FSS to AFSM100 sortation. This is because FSS is a two-pass process that sorts volume in delivery point sequence, which eliminates the need for a carrier to manually case the volume in the office.

The relevant ACR cost models that can be used as a guide to address this question are the Periodicals and Marketing Mail mail processing models included in

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USPS-FY20-11, and the FSS Delivery Model included in USPS-FY20-19. As expected, the unit costs in the table below illustrate lower mail processing costs and higher delivery costs from a shift in processing from FSS to AFSM100 sortation for both Periodicals and Marketing Mail Flats. The mail processing costs are calculated by subtracting piggybacked direct labor costs of AFSM and bundle prep of FSS bundles from FSS costs. The cost models indicate a shift in processing from FSS to AFSM100 sortation results in lower aggregate mail processing and delivery costs for both Periodicals and Marketing Mail Flats.

**Table: Estimated Mail Processing and Delivery Attributable Cost Change due to  
Processing Shift from FSS to AFSM100**

**(Cents Per Piece)**

Product	Mail Processing (MP) Cost Difference	Delivery (Del) Cost Difference	Net Cost Difference MP-Del
Periodicals Flats	(9.89)	7.85	(2.04)
USPS Marketing Mail Flats	(8.28)	7.96	(0.32)

Sources: USPS-FY20-11 and USPS-FY20-19

However, caution needs to be used before drawing conclusions about the decrease in aggregate attributable mail processing and delivery costs from a shift in processing from the FSS to AFSM100 sortation.

One reason for pause is that the FSS costs estimated in the delivery cost model (ACR Folder 19) offer only a proxy of delivery costs for FSS pieces. Instead, the FSS delivery cost model estimates separate unit delivery costs for flats destinating in FSS zones and those destined for non-FSS zones. These delivery costs were developed in

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this fashion in Docket No. RM2015-16. Proposal Seven, Part Two (Order No. 2839) for use when FSS pricing was in place. The methods used to estimate the FSS zone costs were done to support FSS pricing, and not to determine the difference in delivery costs between FSS processed and non-FSS processed pieces.

Moreover, and possibly more importantly, the unit cost table above only shows the estimated difference in attributable costs. The source of long-run operational savings in delivery from FSS processing is a reduction in the number of routes, and, in turn, a decrease in institutional costs, which cannot be measured by the temporary suspension of FSS processing.

In sum, as described in the response to ChIR 5, Question 13, no specific analysis was done to assess the change in mail processing and delivery costs from a shift in processing volume from the FSS to the AFSM100. In a general sense, such an operational change, in the longer-run, should result in lower attributable mail processing costs and higher delivery costs. One can use the relevant mail processing and delivery cost models to estimate a net cost impact from this operational change. However, caution should be used in drawing conclusions from the cost models to assess this temporary change in processing because: 1) cost models measure annual costs and are not fully responsive to momentary and sporadic operational changes that were implemented for flats processing in FY 2020; 2) limitation of the FSS delivery costs estimated in folder 19; and 3) cost models measure attributable costs, and make no attempt to incorporate potential changes in institutional costs.

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9. When flats volume declines, the Postal Service removes AFSM100s with associated cost savings. *Id.* question 15.d. The Postal Service states that when an AFSM100 machine is removed, the “direct labor and maintenance cost savings for one machine ( $\$ 542,327 + \$ 116,171 = \$ 658,498$ ).” *Id.* However, the mail processing costs for Flats continue to rise despite the reduction in AFSM100 machines and the associated costs. Please explain how mail processing costs increase when initiatives are taken that should significantly decrease mail processing costs.

**RESPONSE:**

The response to ChIR No. 5, question 15, contained annual mail processing and maintenance cost estimates related to the decommissioning and removal of an individual AFSM100 machine. These estimates were developed using average FY 2020 data. The response to question 15 also contained Table A, which showed that there was an 11.67 percent decrease in the AFSM100 work hours between FY 2019 and FY 2020. From a total mail processing cost perspective, the corresponding AFSM100 mail processing labor costs did decrease in FY 2020 (\$ 566,037) when compared to FY 2019 (\$ 593,933), as shown in USPS-FY20-7, Part 1, and USPS-FY19-7, Part 1, respectively.

The specific time period in which the machines were removed also would have had an impact on the FY 2020 mail processing costs. The response to question 15, part (a), indicated that approximately 46 AFSM100s were removed in FY 2020. Of the 46 decommissioned machines, 45 machines were not removed until Quarters 3 and 4. Consequently, no removal savings would have been achieved for those machines for the first half of the fiscal year.



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From a unit cost perspective, the mail that would normally have been processed on a decommissioned AFSM100 machine would have to be processed elsewhere. If this mail was processed on one of the remaining AFSM100 machines, then there should have been relatively little change to the portion of the mail processing unit cost estimate related to AFSM100 processing, *ceteris paribus*.

In the past two ACR dockets, two folders, USPS-FY19-45 and USPS-FY20-45, contained functional cost analyses for flat-shaped products, which included mail processing unit cost estimates. In FY 2020, the mail processing unit cost estimates for some products decreased when compared to FY 2019, while the mail processing unit cost estimates for other products increased. In aggregate, the mail processing unit cost estimate for these flat products increased by 6.371 percent in FY 2020. The mail processing unit cost estimates by product are shown in Table 1 below.

**Table 1  
FY 2019 and FY 2020 Flats Mail Processing Unit Cost Estimates**

	[1]	[2]	[3]
<b>Mail Description</b>	<b>FY 2019 Mail Processing Unit Cost</b>	<b>FY 2020 Mail Processing Unit Cost</b>	<b>Percent Change</b>
First-Class Mail Flats	\$0.655	\$0.717	9.476%
USPS Marketing Mail High Density and Saturation Flats and Parcels	\$0.018	\$0.017	-6.690%
USPS Marketing Mail Carrier Route	\$0.084	\$0.078	-7.429%
USPS Marketing Mail Flats	\$0.328	\$0.380	16.012%
Every Door Direct Mail Retail	\$0.002	\$0.002	-18.224%
Periodicals	\$0.195	\$0.197	1.225%
Bound Printed Matter Flats	\$0.265	\$0.252	-5.028%
Sum / Aggregate	\$0.133	\$0.142	6.371%

**Source:**

[1]: USPS-FY19-45

[2]: USPS-FY20-45

[3]:  $([2] - [1]) / [1]$

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The number of AFSM100 machines and the amount of AFSM100 processing, however, are not the only factors that affect mail processing costs. For example, changes to the mail mix (presort and/or destination entry level) can affect the mail processing unit costs for a given product. Mail that is less finely presorted and entered a greater distance from the destination address would generally incur higher mail processing unit costs, *ceteris paribus*.

In addition, wage rate changes can also affect the mail processing unit cost estimates. The “other mail processing” wage rate increased from \$41.0482 in FY 2019 (USPS-FY19-7) to \$42.6550 in FY 2020 (USPS-FY20-7). This change represented a 3.91 percent increase. Higher wage rates would generally result in higher mail processing unit costs, *ceteris paribus*.

Total mail processing costs and unit costs include both direct labor and indirect (“piggybacked”) costs. As shown in USPS-FY20-45, file FY20.Rule.3050.50.Para.D, worksheet “Item d1” column AB, both mail processing labor and piggybacked total costs for flat and bundle processing operations declined from FY 2019 to FY 2020. However, the piggybacked costs declined less rapidly than the mail processing labor costs. As a result, increases in total mail processing unit costs with piggybacks would be higher than the increases in unit mail processing labor costs. This is reflected in increased piggyback factors for flats-specific cost pools in FY 2020 over FY 2019, as shown in Table 2 below. Higher piggyback factors would generally result in higher mail processing unit costs, *ceteris paribus*.

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**Table 2  
FY 2019 and FY 2020 Flats-Specific Piggyback Factors**

	[1]	[2]	[3]
<b>Cost Pool</b>	<b>FY 2019 Piggyback Factor</b>	<b>FY 2020 Piggyback Factor</b>	<b>Percent Change</b>
MODS AFSM100	1.776	1.792	0.883%
MODS FSS	2.599	2.693	3.636%
MODS MANF	1.370	1.475	7.646%
NDC FSS	2.656	2.731	2.846%
NONMODS MANF	1.513	1.593	5.305%

**Source:**

**[1]: USPS-FY19-25**

**[2]: USPS-FY20-25**

**[3]: ( [2] - [1] ) / [1]**

Finally, as the flat mail volumes have declined over time, there has been a general decline in productivity values for flat operations, as has been discussed in past ACRs. In FY 2020, the productivity values for nine of the twelve flat operations included in USPS-FY20-45 decreased when compared to the productivity values for those same operations in FY 2019, as shown in Table 3 below. Lower productivities would generally result in higher mail processing unit costs, ceteris paribus.

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**Table 3  
FY 2019 and FY 2020 Flats Productivity Data**

	[1]	[2]	[3]
<b>Operation Description</b>	<b>FY 2019 Productivity</b>	<b>FY 2020 Productivity</b>	<b>Percent Change</b>
AFSM100 Out Primary	1,921	1,989	3.534%
AFSM100 Out Secondary	2,534	2,740	8.137%
AFSM100 In MMP	2,076	2,066	-0.485%
AFSM100 In SCF	2,218	2,133	-3.810%
AFSM100 In Primary	1,689	1,414	-16.278%
AFSM100 In Secondary	2,239	2,150	-4.003%
FSS	730	663	-9.188%
APBS Outgoing	281	286	2.045%
APBS Incoming	197	179	-9.080%
LIPS Incoming	297	277	-6.716%
APPS Outgoing	282	255	-9.560%
APPS Incoming	244	211	-13.649%

**Source:**

[1]: USPS-FY19-45

[2]: USPS-FY20-45

[3]: ( [2] - [1] ) / [1]

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- 10.** The Postal Service provided workpapers detailing mail processing cost impact of bundle breakage for FY2019. *Id.* question 16. Please provide updated workpapers detailing mail processing cost impact of bundle breakage for FY 2020.

**RESPONSE:**

The requested workpapers are attached to this response in Excel workbook named 'Q10 ChIR No. 13.xlsx'. The workpapers follow the same methodology as described in response to ChIR No. 5, question 16.

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- 11.** The Postal Service states that “[b]undles for Periodicals are typically more uniform in size than Marketing Mail bundles; they are often poly wrapped and strapped by the mailer.” *Id.* question 18. Has the Postal Service worked with the Marketing Mail mailers to encourage poly wrapping and strapping? If so, please explain the initiatives and/or efforts. If not, please explain if the Postal Service intends to do so in the future.

**RESPONSE:**

The Domestic Mail Manual (DMM) contains the official specifications for mail make-up to which mailers are held accountable. However, as technology and materials change or customer product modifications occur, the Postal Service takes into consideration these potential deviations from current standards in order to align the DMM with the necessary updates. The Postal Service continues to work collaboratively with industry partners to share input from operational field teams about the quality of bundled products. These data are collected via the Surface Visibility Mailing Irregularities application and flows to the Mailer Scorecard, which is available to the mail provider or mail owner.

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- 12.** The Postal Service states that “[s]acked bundles have [a] higher breakages rate because they do not have the protection that pallets provide.” *Id.* question 18. When pricing sacked bundles, does the Postal Service create a price incentive for the mailer to present “more uniform” mail? If so, please discuss the price incentives and the relation to bundle processing costs.

**RESPONSE:**

The Postal Service currently provides no pricing incentives for uniform bundles. In the response to Question 18 of ChIR No. 5 quoted in the question, however, the Postal Service emphasized that the breakage rate in sacks is greater than on pallets because sacked bundles “do not have the protection pallets provide,” rather than because the bundles are less uniform. The Postal Service provides incentives for mailers to prepare mail on pallets rather than in sacks. In Periodicals, the average DSCF pallet contains 74 times as many pieces as an average DSCF sack, while the price of a DSCF SCF pallet (\$27.865) is only 21 times the price of a 3-Digit Sack (\$1.306). Thus, the per piece container charge is much greater for pieces in sacks than on pallets. In Marketing Mail, explicit price incentives are given for preparing pieces on 5-Digit CRRTS pallets.

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- 13.** The Postal Service states that "Surface Visibility recorded 930 Irregularities for August 2020 and 1,688 Irregularities for September 2020." *Id.* question 19.c. Does the Postal Service expect the number of irregularities to increase or decrease in FY2021? Please explain.

**RESPONSE:**

The Postal Service hopes that more mailers will avail themselves of the tools provided by the Mail Irregularity Application to become aware of and resolve the types of issues it was intended to address. The Postal Service, however, has no firm expectations of whether the number of irregularities might increase or decrease in FY 2021.



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- 14.** The Postal Service states that “[a]t the present time, the Postal Service strives for a minimum of 80 percent FSS [delivery point sequence (DPS)].” *Id.* question 26. In FY 2019, the FSS DPS was 78.6 percent and in FY 2020, the FSS DPS was 71.72 percent. See Library Reference USPS-FY20-45, December 29, 2020, file Paragraph (b) -- Financial Report,” Excel file “FY20.Rule.3050.50.Para.B.xlsx,” tab “Item b6.” Please describe the Postal Service’s plan to meet the 80 percent FSS DPS minimum in FY 2021.

**RESPONSE:**

The Postal Service does not have specific plans to directly address the FSS machine DPS percentage during FY 2021. However, there is an overall initiative to determine the most efficient method to sort and sequence flat mail to match the current and projected future volumes. Depending on the determinations reached as a result of that process, the current percentage previously noted in the response to Question 26 might perhaps subsequently not be operative.

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**15.** Please see Attachment, filed under seal.

**RESPONSE:**

Please see the response filed under seal in USPS-FY20-NP43.